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Distributive trade statistics

Report of the Secretary-General

Summary

In accordance with a request of the Statistical Commission at its thirty-seventh session,[a] the Secretary-General has the honour to transmit to the Commission a report on the activities undertaken by the United Nations Statistics Division in response to decisions taken by the Commission at its thirty-seventh session in the area of distributive trade statistics. The draft of the revised international recommendations for distributive trade statistics is before the Commission, as a background document, for consideration and adoption.

The Commission may wish to discuss the points for action contained in paragraph 22 of the present report.

[a] *Official Records of the Economic and Social Council, 2006, Supplement No. 4* (E/2006/24), chap. I.C., decision 37/102.

* E/CN.3/2008/1.

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Report of the Secretary-General on the activities of the United Nations Statistics Division in the area of distributive trade statistics

Contents

		Paragraphs	*Page*
I.	Introduction	1–3	3
II.	Progress in the revision of the existing International Recommendations on Statistics of the Distributive Trades and Services	4–17	3
	A. Initial assessment of country practices in the compilation of distributive trade statistics	6	4
	B. United Nations Expert Group on Distributive Trade Statistics	7–11	4
	C. Electronic discussion forum	12	6
	D. Global country consultations on the international recommendations for distributive trade statistics	13–17	6
III.	Overview of changes in the revised recommendations	18–19	7
IV.	Outline of the implementation programme	20–21	9
V.	Points for discussion	22	10

I. Introduction

1. The present report summarizing the activities undertaken by the United Nations Statistics Division in response to the decisions taken by the Statistical Commission at its thirty-seventh session in the area of distributive trade statistics. At its thirty-seventh session, the Statistical Commission endorsed broadly the initiative and strategy of the Statistics Division to revise the existing *International Recommendations on Statistics of the Distributive Trades and Services*.[1] The Commission requested the Statistics Division to submit to it a progress report at its thirty-eighth session for information and revised draft recommendations at its thirty-ninth session for adoption. The Commission further advised that:

(a) The revision process should be carried out in close consultation with national statistical offices in order to reflect fully the specific needs and circumstances of various groups of countries, in general, and the needs of countries with a substantial informal sector, in particular;

(b) The level of detail requested for international reporting should be commensurate with country needs and capacity to compile;

(c) The Statistics Division should review existing international databases in that area of statistics to avoid creating an additional reporting burden on countries and the duplication of work among international organizations;

(d) The Statistics Division should develop practical guidance on the compilation of distributive trade statistics, including a description of good practices;

(e) The Statistics Division should conduct technical assistance activities in that area as a matter of priority.

2. At its thirty-eighth session, the Commission took note of the progress in preparation and the proposed outline of the revised international recommendations for distributive trade statistics.

3. The progress in the revision of the existing recommendations is described in section II of the present report, which sets out an overview of changes in the revised recommendations for distributive trade statistics. A background document, entitled draft International Recommendations for Distributive Trade Statistics 2008 (IRDTS 2008) contains the full text of the revised recommendations endorsed by the United Nations Expert Group on Distributive Trade Statistics at its second meeting. Section IV provides an outline of the implementation programme of the revised recommendations. Points for discussion are contained in section V (para. 22).

II. Progress in the revision of the existing International Recommendations on Statistics of the Distributive Trades and Services

4. The multi-year strategy for updating the *International Recommendations on Statistics of the Distributive Trades and Services*,[1] as endorsed by the Statistical Commission at its thirty-seventh session, includes: (a) obtaining an initial assessment of the general situation in the compilation of distributive trade statistics

[1] Statistical Papers, No. 57 (United Nations publication, Sales No. E.75.XVII.9).

by conducting an overview of current country practices; (b) establishing an Expert Group on Distributive Trade Statistics to assist the Statistics Division in the updating process; (c) preparing the provisional draft of the revised recommendations and submitting it to the Statistical Commission at its thirty-ninth session; (d) preparing a manual on the compilation of distributive trade statistics; (e) developing a United Nations database for storing, processing and disseminating distributive trade statistics; (f) commencing technical assistance activities for developing countries, including conducting training workshops to build up their capability to compile and disseminate distributive trade statistics; and (g) reviewing changes in country practices in 2010 and reporting the findings to the Commission at its forty-first session, to be held in March 2011.

5. A brief description of the revision process which has led to the preparation of the draft International Recommendations for Distributive Trade Statistics 2008 is presented below.

A. Initial assessment of country practices in the compilation of distributive trade statistics

6. In implementing the first component of its strategy, the Statistics Division conducted a worldwide survey of country practices in 2004. The survey results revealed that: (a) countries frequently use different definitions of the scope of distributive trade and of compiled variables, thus making international comparisons of data quite difficult; (b) about 40 per cent of the countries that responded were unable to conduct quarterly/monthly surveys and to compile indices of distributive trade and/or performance indicators. In general, the survey confirmed that distributive trade statistics definitely need revisiting and careful re-examination.

B. United Nations Expert Group on Distributive Trade Statistics

7. In 2005, the Statistics Division established the Expert Group on Distributive Trade Statistics in order to obtain assistance and guidance during the revision of the existing recommendations. The main objectives of the Expert Group were: (a) to provide an assessment of those recommendations in view of the new realities in distributive trade and current country practices in the compilation of the relevant statistics; (b) to contribute to drafting the revised recommendations and to suggest new approaches in data compilation, including the organization and conduct of distributive trade surveys; (c) to review the provisional draft of the revised international recommendations for distributive trade statistics; and (d) to comment on the outline of the future compilers' manual.

8. The first meeting of the Expert Group was held from 22 to 25 August 2005. Its purpose was: (a) to provide an assessment of the existing recommendations; (b) to advise on the areas where the updating of existing and/or development of new recommendations is needed; and (c) to contribute towards such updating/revision. The most important conclusions of the first meeting included: (a) the current *International Recommendations on Statistics of the Distributive Trades and Services*[1] need to be revised in order to reflect new developments in the distributive trade sector, changing data needs, availability of new data sources, data-collection methods and recent revisions of the international recommendations in other areas of

economic statistics; (b) the scope of distributive trade statistics should be defined as including wholesale trade, retail trade and the repair of motor vehicles and motorcycles; (c) a standard set of data items for distributive trade statistics, as well as definitions that are consistent with the definitions already approved by the Statistical Commission in related areas (for example, the system of national accounts and labour statistics), should be recommended; (d) advanced data-collection methods, including the extensive use of business register and existing administrative data sources with the aim of reducing costs and the respondent burden, should be promoted; (e) more guidelines on how to cover and measure the activities of small units or unincorporated enterprises should be provided; (f) recommendations regarding the compilation of indices of distributive trade, such as the index of retail trade and the index of wholesale trade, need to be developed. The full text of the conclusions is available in the report on the meeting (available at http://unstats.un.org/unsd/Distributive_trade/distributive_trade.htm).

9. The Expert Group held its second meeting from 16 to 19 July 2007. The main objective of the second meeting was to review, amend and endorse the provisional draft International Recommendations for Distributive Trade Statistics 2008 for its submission to the Statistical Commission at its thirty-ninth session for adoption. The meeting also advised the Statistics Division on the preparation of two follow-up manuals that will provide practical guidance to compilers of distributive trade statistics. The first manual will focus on the practical implementation of the recommendations as presented in the draft IRDTS 2008, while the second will deal with the compilation of indices of distributive trade, including description of good practices in this area of statistics.

10. During its second meeting, the Expert Group fully agreed on the relevance and content of the provisional draft IRDTS 2008. The Expert Group re-emphasized the need for flexibility in implementing the recommendations and stressed that IRDTS 2008 is not intended to be prescriptive and should be implemented by national statistical offices in a way appropriate to their own circumstances, including the identified user needs, resources, priorities and respondent burden. The Expert Group further concluded that in order to improve the international comparability and to enhance the capacity of developing countries, the draft recommendations should include a chapter on compilation of short-term distributive trade statistics. The inclusion of such a chapter would bridge the gap between annual and infra-annual distributive trade statistics.

11. In order to ensure the statistical coherence between standards on basic economic statistics and between them and other frameworks, such as the system of national accounts and the activity and product classifications, the Expert Group on Distributive Trade Statistics held several joint sessions with the Expert Group on Industrial Statistics during its second meeting. The recommendations and conclusions reached at the joint sessions guaranteed mutual consistency in the treatment of common issues and the alignment of concepts, definitions and terminology used in the draft international recommendations for industrial and distributive trade statistics. The full text of the conclusions is available in the report of the meeting (available at http://unstats.un.org/unsd/Distributive_trade/distributive_trade_2ndmeet.htm).

C. Electronic discussion forum

12. A password-protected website has been created to facilitate communication among members of the Expert Group on Distributive Trade Statistics and the sharing of relevant materials and draft chapters of the revised recommendations. Through the discussion forum, Expert Group members reviewed the draft annotated outline and draft chapters of the international recommendations and provided guidance on a number of conceptual issues, such as the implementation of the top-down method in the case of trade units by taking into account the type of operation characteristics, and the treatment and recording of outsourcing, among others. During its second meeting, the Expert Group recommended keeping the discussion forum alive. The Expert Group members welcomed the existence of such a forum and considered it crucial for the future activities of the Statistics Division in the area of distributive trade statistics, which are particularly important for the drafting of follow-up manuals that provide practical guidance to compilers of data. It is expected that the website will be further developed and extended to increasingly become a knowledge-based platform for the compilation and dissemination of distributive trade statistics.

D. Global country consultations on the international recommendations for distributive trade statistics

13. In accordance with the recommendation of the Statistical Commission that the revision process be carried out in close consultation with national statistical offices in order to reflect fully the specific needs and circumstances of various groups of countries, the Statistics Division conducted global consultations on the modalities and content of the revised international recommendations for distributive trade statistics as described below.

14. To initiate the revision process, the Statistics Division, in cooperation with the members of the Expert Group for Distributive Trade Statistics, prepared the draft annotated outline of the recommendations, which was made available to all countries on 11 October 2006. Respondents gave their overwhelming support to the Statistics Division for its initiative and welcomed the coordinated manner in which the revision was carried out, its transparency and the involvement of all interested parties in the process. They found the draft outline to be well organized and comprehensive in terms of structure and content, and that it provided an adequate treatment of all aspects of distributive trade statistics. A number of more specific suggestions were also made that contributed to better formulation of the future recommendations.

15. The Statistics Division prepared the provisional draft of the recommendations and sent them for a peer review to members of the Expert Group. The comments of the latter were incorporated, and an amended version of the draft was posted on the Statistics Division website for a worldwide consultation. The consultation was conducted in June and July 2007. Responses were received from 40 countries and 3 international organizations.

16. All country comments were consolidated in a separate document which, together with the amended version of the provisional draft IRDTS 2008, was reviewed by the Expert Group at its second meeting, held in New York from 16 to

19 July 2007. Respondents were highly appreciative of the work accomplished by the Statistics Division with regard to the revision of the existing recommendations. The document as a whole, and particular recommendations related to the collection, compilation and dissemination of distributive trade statistics, received strong support. Countries considered the revised recommendations to be a useful guide for producers and users of statistical information. Since the achievement of harmonization and international comparability of data on distributive trade statistics and the implementation of an integrated approach to data collection are among the main objectives of the revision, a particular advantage of IRDTS 2008 is that the concepts, definitions and methodological approaches in it are fully harmonized with other existing statistical standards. Countries are looking forward to receiving practical guidance for the implementation of the recommendations included in IRDTS 2008.

17. During its second meeting, the Expert Group advised that countries should be given another opportunity to provide their final comments on the provisional draft IRDTS 2008 before the document was submitted for official editing and adoption by the Statistical Commission at its thirty-ninth session in February 2008. The global consultation was undertaken simultaneously for both revised sets of international recommendations — industrial and distributive trade statistics — in November and December 2007. The outcomes and country comments received during the global country consultation were reviewed and incorporated in the draft International Recommendations for Distributive Trade Statistics 2008, presented as a background document to the Statistical Commission.

III. Overview of changes in the revised recommendations

18. The draft of the International Recommendations for Distributive Trade Statistics 2008 was prepared by Statistics Division following the conclusion of the first and second meetings of the Expert Group on Distributive Trade Statistics. The draft also incorporates the inputs received from national statistical offices and international organizations during global country consultations on its content that were conducted from October 2006 to December 2007. The preliminary version of the draft was endorsed by the Expert Group at its second meeting.

19. The draft IRDTS 2008 were developed within the context of an integrated approach to the compilation of basic economic statistics, and have been fully harmonized with the recommendations of other recently updated international statistical standards, such as the International Recommendations for Industrial Statistics 2008 (IRIS 2008), which is being updated in parallel with IRDTS 2008 and the System of National Accounts, 2008 (2008 SNA), the International Standard Industrial Classification of all Economic Activities, Revision 4 (ISIC, Rev.4), and the Central Product Classification (CPC) Version 2. The draft recommendations cover all aspects of the collection, compilation and dissemination of distributive trade statistics. They provide a more comprehensive methodological framework, as they encompass both annual and short-term statistics. They have also been considerably expanded, with the inclusion of new topics dealing with data sources and data compilation methods, approaches to data quality assessment, metadata and dissemination policies. In brief, the main differences between the revised recommendations and the *International Recommendations on Statistics of the Distributive Trades and Services*[1] can be described as follows:

(a) *Scope*. The revised recommendations define the scope of distributive trade statistics as statistics reflecting characteristics and activities of the units belonging to the distributive trade sector of an economy. The scope of the distributive trade sector is defined in terms of ISIC, Rev.4, as comprising all resident entities recognized as statistical units and classifiable in section G as wholesale and retail trade and repair of motor vehicles and motorcycles, irrespective of their size, form of economic and legal organization or ownership. Distributive trade activities carried out by entities not classified in Section G of ISIC, Rev.4, are not covered by distributive trade statistics. The previous recommendations defined the distributive trades and services sector as comprising all establishments that are engaged primarily in wholesale and retail trade, restaurants and hotels (ISIC, Rev.2, Major Division 6) and selected services (parts of ISIC, Rev.2, Divisions 83, 94 and 95). According to ISIC, Rev.4, the units primarily engaged in the provision of hotel and restaurant services and in the repair of personal and household goods are excluded from the scope of the distributive trade sector and are now classified, respectively, in Section I, "Accommodation and food service activities" and in Division 95 of Section S "Other service activities";

(b) *Statistical units*. The revised version of the recommendations contains a more comprehensive and detailed discussion of statistical units in the collection of distributive trade statistics, including the treatment of statistical units of the informal sector and the mapping of selected entities specific to distributive trade, such as retail chains, department stores, franchises and marketplaces, among others. It also includes enhanced guidelines on the delineation and proper classification of trade units in conjunction with principles set out in 2008 SNA and ISIC, Rev.4;

(c) *Data items*. Both the list of data items and their definitions are reviewed and updated. In particular, the revenue and expenditure items are presented in more detail, e-commerce sales are separately identified, and the value of turnover is presented by product group. Lists of data items and their numbering in IRDTS 2008 and IRIS 2008 are fully harmonized. Although the specific circumstances of developing countries are recognized in many instances throughout the revised draft recommendations, no separate set of data items is recommended for them. However, it is recognized that national statistical offices of developing countries may wish to work out the necessary modifications and adaptations of the common list of data items;

(d) *Performance indicators*. The revised recommendations reflect the increased interest in the assessment of overall performance of the distributive trade sector. Along with the compilation of basic data items, the recommendations identify a set of indicators for monitoring the profitability, productivity and efficiency of the distributive trade sector as a whole or some of its divisions. Such indicators were not part of the previous version of the recommendations;

(e) *Data sources and data compilation methods*. The description of data sources and data compilation methods is significantly expanded, for example, by the inclusion of discussion on various types of statistical and administrative data sources; the business register and its use as a frame for statistical surveys; and the data compilation methods implemented by statistical offices to bring the collected data on distributive trade statistics to the level of intended statistical output. An outline of a data-collection strategy for different segments of the economy based on an integrated approach is also presented;

(f) *Short-term distributive trade statistics*. The chapter on this subject provides guidance on some of the most important issues related to short-term distributive trade statistics, such as the compilation of indices of distributive trade, their time-series character and the necessity of seasonal adjustments and reconciliation of short-term with annual data (benchmarking);

(g) *Data quality and metadata*. Issues of data quality and metadata were not part of the previous recommendations. In keeping with the increased importance of the enhancement of data quality, the revised recommendations contain guidance on the main dimensions of quality that should be taken into account in developing quality assessment frameworks. A limited set of key indicators for measuring the quality of distributive trade statistics is suggested. Recommendations are also provided for the development and dissemination of adequate metadata on distributive trade statistics;

(h) *Data dissemination*. Recommendations on data dissemination are updated and harmonized with similar recommendations applicable in other areas of economic statistics. Further guidance is provided regarding the confidentiality protection and development of a sound revision policy;

(i) *Harmonization of IRDTS 2008 with 2008 SNA*. The harmonization of IRDTS 2008 and 2008 SNA is strengthened in terms of implementing the same underlying methodological concepts and definitions. Changes in the 2008 SNA relevant to distributive trade statistics include valuation of trade output at basic prices; treatment of ancillary units; capitalization or research and development expenditures and the expenditures on large databases made by the units; inclusion of employee stock options as part of the compensation of employees; and terminology and classification of non-financial assets.

IV. Outline of the implementation programme

20. Following their adoption by the Statistical Commission, the revised International Recommendations for Distributive Trade Statistics 2008 will be submitted for official editing. An electronic copy of the edited version will be distributed to countries and posted on the website of the Statistics Division. In order to promote and assist countries in the implementation of the IRDTS 2008, the Statistics Division plans to organize a number of technical assistance activities for developing countries, such as training workshops. The development of a Statistics Division database and the dissemination of distributive trade statistics as well as the collection of national practices on distributive trade statistics are also envisaged as part of the implementation programme.

21. During its thirty-seventh session, the Statistical Commission advised the Statistics Division to develop practical guidance on the compilation of distributive trade statistics, including a description of good practices. During its second meeting, the Expert Group on Distributive Trade Statistics also identified the need to go beyond the recommendations for distributive trade statistics contained in the IRDTS 2008. In compliance with the Commission's advice and with the aim of improving the international comparability and enhancing capacities of developing countries, the Statistics Division plans to prepare two follow-up manuals to complement IRDTS 2008: Distributive Trade Statistics: Compilers Manual and Indices of Distributive Trade Statistics: A Handbook of Good Practice. To initiate the drafting

process, the Statistics Division prepared draft annotated outlines and sent them to members of the Expert Group for comments.

V. Points for discussion

22. The Statistical Commission is requested to:

(a) Review and adopt the revised International Recommendations for Distributive Trade Statistics 2008;

(b) Provide guidance for the implementation of the revised recommendations.